



PUBLIC PROTECTION CABINET

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GOVERNOR

Jacqueline Coleman
LIEUTENANT GOVERNOR

**Kentucky Horse Racing
Commission**

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September 12, 2022

Jeffery B. Murphy
Sr. Director of Field Operations
United Tote Company
jeff.murphy@unitedtote.com

CC: Austin Lockett
System Manager
United Tote Company
austin.lockett@unitedtote.com

Dear Mr. Murphy:

The Kentucky Horse Racing Commission ("KHRC") has determined that United Tote Company ("Licensee") has failed to comply with Chapter 230 of the Kentucky Revised Statutes. Specifically, the Licensee provided improper totalizator services to WKY Development, LLC ("Oak Grove Racetrack") and Lexington Trots Breeders Association, LLC ("Red Mile Racetrack").

Starting on July 14, 2022, KRS 230.750 mandates that betting conducted at a harness horse track under the KHRC's jurisdiction shall have breaks that are made and calculated to the penny. On July 20, 2022, the Licensee submitted an incident report showing that prices were calculated with ten-cent breaks instead of the required penny breaks. This event impacted race dates conducted by Oak Grove Racetrack from July 17-19, 2022. The liability owed to the public is \$1,916.56. On July 31, 2022, the Licensee submitted an incident report showing that prices were calculated with ten-cent breaks instead of the required penny breaks. This event impacted remote sources outside of Kentucky that wagered on Race 2 onward at Red Mile Racetrack on July 31, 2022. The liability owed to the public is \$2,529.21.

Based upon the KHRC's review of the events surrounding the incidents, it is evident that United Tote Company did not calculate breaks to the penny and violated KRS 230.750. First, the KHRC hereby imposes a fine against United Tote Company. Ordinarily, the fine would total \$1,000.00 for each day of violation; however, due to mitigating factors, that amount is reduced to \$500.00 from July 17, 2022, through July 19, 2022, and July 31, 2022. The following four (4) mitigating factors exist:

1. Oak Grove Racetrack has been conducting pari-mutuel wagering before the new breakage requirement that went into effect on July 14, 2022. The above events only impact the last three race dates of this track's 2022 race meet.

2. The Licensee calculated and paid the correct prices for all Kentucky sources for the wagering conducted on Red Mile Racetrack's meet. However, the penny break was not applied to Race 2 onward for all other sources due to a software defect.
3. The violations were not intentional, and the licensee completed pre-meet totalizator tests with KHRC personnel using the correct breaks. The Licensee fully cooperated with the KHRC on determining the liability due.

In addition to the above fine, the Licensee must reconcile the total liability at each track by seeding an exotic wager at a harness racetrack in the calendar year 2022. All details related to this must be approved by the KHRC. Finally, the Licensee must submit its process for complying with regulatory requirements related to providing totalizator services.

If you have any questions, please contact the KHRC. This notice may be appealed to an administrative hearing by written notice sent to the KHRC within seven (7) days of issuance of this notice.

Sincerely,



Waqas Ahmed

Director, Pari-mutuel Wagering and Compliance